

QUARTERLY REPORT

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

For The Quarter Ended March 31, 2002

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

BALANCE SHEETS

MARCH 31, 2002 AND 2001

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents.	\$ 19,244	\$ 20,693
2	Short-term investments.	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2002, \$ 9,175 ; 2001, \$ 10,029). NOTE 2.	7,969	11,041
4	Inventories.	1,568	1,864
5	Prepaid expenses and other current assets.	1,359	2,332
6	Total current assets.	30,140	35,930
7	Investments, Advances, and Receivables. NOTE 3.	10,891	9,176
8	Property And Equipment - Gross. NOTE 4.	537,911	523,235
9	Less: Accumulated Depreciation/Amortization. NOTES 1 & 4. .	(237,211)	(216,721)
10	Property And Equipment - Net.	300,700	306,514
11	Other Assets. NOTES 1 & 5. .	77,001	79,129
12	Total Assets.	\$ 418,732	\$ 430,749
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable.	\$ 2,470	\$ 5,771
14	Notes payable.	-	-
	Current portion of long-term debt.		
15	Due to affiliates.	-	-
16	Other.	-	-
17	Income taxes payable and accrued.	-	-
18	Other accrued expenses. NOTE 6.	20,916	21,080
19	Other current liabilities. NOTE 7.	10,280	6,687
20	Total current liabilities.	33,666	33,538
	Long-Term Debt:		
21	Due to affiliates. NOTE 8.	200,000	200,000
22	Other.	-	-
23	Deferred Credits.	-	-
24	Other Liabilities. NOTE 9.	132,820	154,415
25	Commitments And Contingencies. NOTE 1.	-	-
26	Total Liabilities.	366,486	387,953
27	Stockholders', Partners', or Proprietor's Equity. NOTE 10.	52,246	42,796
28	Total Liabilities And Equity.	\$ 418,732	\$ 430,749

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED MARCH 31, 2002 and 2001

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	Revenues:		
1	Casino.	\$ 70,921	\$ 73,395
2	Rooms.	5,520	5,330
3	Food and beverage.	9,965	9,765
4	Other.	2,265	2,327
5	Total Revenues.	88,671	90,817
6	Less: Promotional allowances.	21,058	22,695 *
7	Net Revenues.	67,613	68,122
	Costs And Expenses:		
8	Cost of goods and services.	44,256	44,669
9	Selling, general, and administrative.	10,632	11,274 *
10	Provision for doubtful accounts.	375	388
11	Total Costs and Expenses.	55,263	56,331
12	Gross Operating Profit.	12,350	11,791
13	Depreciation and Amortization.	5,330	5,635
	Charges from affiliates other than interest:		
14	Management fees. NOTE 11.	2,331	2,400
15	Other.	-	-
16	Income (Loss) From Operations.	4,689	3,756
	Other Income (Expenses):		
17	Interest (expense)-affiliates.	(4,467)	(4,496)
18	Interest (expense)-external.	-	-
19	Investment alternative tax and related income (expense) - net.	(469)	(398)
20	Nonoperating income (expense) - net. NOTE 12.	78	(43)
21	Total Other Income (Expenses).	(4,858)	(4,937)
22	Income (Loss) Before Income Taxes And Extraordinary Items.	(169)	(1,181)
23	Provision (credit) for income taxes.	(69)	(482)
24	Income (Loss) Before Extraordinary Items.	(100)	(699)
25	Extraordinary items (net of income taxes - 20__, \$)	-	-
26	Net Income (Loss).	\$ (100)	\$ (699)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

* Restated to conform to the 2002 presentation.

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND THE THREE MONTHS ENDED MARCH 31, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

Amended

9/27/02

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)	(h)	Retained Earnings (Accumulated) (Deficit) (i)	Total Shareholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2000.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (79,956)	\$ 43,495
2	Net Income (Loss) - 2001.....							8,851	8,851
3	Contribution to Paid-in Capital.....								
4	Dividends.....								
5	Prior Period Adjustments.....								
6									
7									
8									
9									
10	Balance, December 31, 2001.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (71,105)	\$ 52,346
11	Net Income (Loss) - 2002.....							(100)	(100)
12	Contribution to Paid-in Capital.....								
13	Dividends.....								
14	Prior Period Adjustments.....								
15									
16									
17									
18									
19	Balance, March 31, 2002.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (71,205)	\$ 52,246

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 AND THE THREE MONTHS ENDED MARCH 31, 2002

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 2000. . . .				
2	Net Income (Loss) - 2001.				
3	Capital Contributions.				
4	Capital Withdrawals.				
5	Partnership Distributions.				
6	Prior Period Adjustments.				
7					
8					
9					
10	Balance, December 31, 2001. . . .				
11	Net Income (Loss) - 2002.				
12	Capital Contributions.				
13	Capital Withdrawals.				
14	Partnership Distributions.				
15	Prior Period Adjustments.				
16					
17					
18					
19	Balance, March 31, 2002.				

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2002 and 2001

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
1	Net Cash Provided (Used) By Operating Activities.	\$ 11,868	\$ 4,671
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.	-	-
3	Proceeds from the sale of short-term investment securities.	-	-
4	Cash outflows for property and equipment.	(995)	(1,805)
5	Proceeds from disposition of property and equipment.	-	153
6	Purchase of casino reinvestment obligations.	(782)	(875)
7	Purchase of other investments and loans/advances made.	-	-
8	Proceeds from disposal of investment and collection of advances and long-term receivables.	-	-
9	Cash outflows to acquire business entities.	-	-
10	Increase in construction - related liabilities.	-	-
11		-	-
12	Net Cash Provided (Used) By Investing Activities.	(1,777)	(2,527)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.	-	-
14	Payments to settle short-term debt.	-	-
15	Cash proceeds from issuance of long-term debt.	-	-
16	Costs of issuing debt.	-	-
17	Payments to settle long-term debt.	-	-
18	Cash proceeds from issuing stock or capital contribution.	-	-
19	Purchases of treasury stock.	-	-
20	Payments of dividends or capital withdrawals.	-	-
21	Change in payable to affiliate.	(13,080)	(3,947)
22	Debt retirement costs.	-	-
23	Net Cash Provided (Used) By Financing Activities.	(13,080)	(3,947)
24	Net Increase (Decrease) In Cash And Cash Equivalents.	(2,989)	(1,803)
25	Cash And Cash Equivalents At Beginning Of Year.	22,233	22,496
26	Cash And Cash Equivalents At End Of Year.	\$ 19,244	\$ 20,693

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized).	\$ 4,467	\$ 4,496
28	Income taxes paid (refunded) - net.	\$ (69)	\$ (482)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2002 and 2001

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2002 (c)	2001 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ (100)	\$ (699)
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.	5,330	4,872
31	Amortization of other assets.	-	763
32	Amortization of debt discount or premium.	-	-
33	Deferred income taxes - current.	-	-
34	Deferred income taxes - noncurrent.	-	-
35	(Gain) loss on disposition of property and equipment.	-	134
36	(Gain) loss on casino reinvestment obligations.	469	398
37	(Gain) loss from other investment activities.	-	-
38	Net (increase) decrease in receivables and patrons' checks.	2,541	(828)
39	Net (increase) decrease in inventories.	248	72
40	Net (increase) decrease in other current assets.	35	6
41	Net (increase) decrease in other assets.	-	-
42	Net increase (decrease) in accounts payables.	(712)	(1,648)
43	Net increase (decrease) in other current liabilities excluding debt.	4,102	1,545
44	Net increase (decrease) in other noncurrent liabilities excluding debt.	(45)	56
45	Loss on extinguishment of debt, net of tax benefit of \$.	-	-
46	Amortization of CRDA assets	-	-
47	Net Cash Provided (Used) By Operating Activities.	\$ 11,868	\$ 4,671

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.	\$ 995	\$ 1,805
49	Less: Capital lease obligations incurred.	-	-
50	Cash Outflows For Property And Equipment.	\$ 995	\$ 1,805
	Acquisition Of Business Entities:		
51	Property and equipment acquired.	\$ -	\$ -
52	Goodwill acquired.	-	-
53	Net assets acquired other than cash, goodwill, and property and equipment.	-	-
54	Long-term debt assumed.	-	-
55	Issuance of stock or capital invested.	-	-
56	Cash Outflows To Acquire Business Entities.	\$ -	\$ -
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions.	\$ -	\$ -
58	Less: Issuances to settle long-term debt.	-	-
59	Consideration in acquisition of business entities.	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions.	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED MARCH 31, 2002

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	86,808	\$ 3,530		\$
2	Food	374,887	4,703		
3	Beverage	849,389	2,208		
4	Travel			24,666	704
5	Bus Program Cash	170,567	2,843		
6	Other Cash Complimentari	201,632	7,016		
7	Entertainment	10,387	287	1,621	203
8	Retail & Non-Cash Gifts	3,932	378	4,719	1,293
9	Parking				
10	Other *	3,395	93	58,734	479
11	Total	1,700,997	\$ 21,058	89,740	\$ 2,679

* No item in this category exceeds 5%.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

The accompanying financial statements include the accounts of GNOC, Corp., a New Jersey corporation (the "Company"). The Company is a wholly owned subsidiary of Bally's Park Place, Inc., which owns and operates the casino hotel resort in Atlantic City, New Jersey known as Bally's Atlantic City ("Bally's Atlantic City"), which is a wholly owned subsidiary of Park Place Entertainment Corporation ("PPE"). The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as the "Atlantic City Hilton." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations. The accompanying financial statements should be read in conjunction with the Casino Control Commission Quarterly Report for the year ended December 31, 2001.

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at March 31, 2002 and 2001, and its statements of income for the three months ended March 31, 2002 and 2001 and its statements of cash flows for the three months ended March 31, 2002 and 2001. All such adjustments were of a normal recurring nature.

Seasonal factors

The Company's operations are subject to seasonal factors and, therefore, the results of operations of the three months ended March 31, 2002 and 2001 are not necessarily indicative of the results of operations for the full year.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2002. These reclassifications had no impact on previously reported net income.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The statement of income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

In the first quarter of 2001, the Emerging Issues Task Forces ("EITF") reached a consensus on certain issues in EITF 00-22 "Accounting for 'Points' and Certain Other Time-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future." EITF 00-22 requires that cash rebates or refunds as part of a customer loyalty program be shown as a reduction of revenues.

EITF 00-14 "Accounting for Certain Sales Incentives," which is effective January 1, 2002, focuses on the accounting for, and presentation of, discounts, coupons and rebates. EITF 00-14 requires that cash or equivalent amounts provided or returned to customers as part of a transaction should not be shown as an expense but should be an offset to the related revenue. The Company offers cash inducements and match-play coupons to customers to encourage visitation and play at the casino.

With the adoption of the new standards, the prior-year period presented has been reclassified to conform to the new presentation. This resulted in an addition to promotional allowances (and a corresponding reduction in selling, general and administrative expenses) of \$9,859 and \$11,578, for the three months ended March 31, 2002 and 2001, respectively. The requirements of EITF 00-14 and EITF 00-22 do not have an impact on previously reported operating income or net income.

Inventories

Inventories are stated at the lower of cost (weighted average cost method) or market, which approximates replacement cost.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Property and equipment

Depreciation of property and equipment is provided on the straight-line basis over the estimated economic lives of the related assets. Depreciation expense was \$5,330 and \$4,872 for the three months ended March 31, 2002 and 2001, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Costs in excess of acquired assets

In 1987, Bally Entertainment Corporation (formerly the parent of the Company) acquired the Company, other related properties and real estate leases in a transaction which was accounted for as a purchase. The excess of the total acquisition cost and debt assumed over the fair value of net assets acquired (goodwill) had been amortized on the straight-line method over forty years.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The Company has not determined the effect, if any, the adoption of SFAS 142 will have on its financial position and results of operations. During the three months ended March 31, 2001, the Company recorded \$763 in goodwill amortization. Pursuant to SFAS No. 142, this goodwill amortization ceased on January 1, 2002.

Long-lived assets

In August 2001, the FASB issued Statement of Financial Accounting Standard No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supercedes existing accounting literature dealing with impairment and disposal of long-lived assets, including discontinued operations. It addresses financial accounting and reporting for the impairment of long-lived assets, and for long-lived assets to be disposed of, and expands current reporting for discontinued operations to include disposals of a "component" of an entity that has been disposed of or is classified as held for sale. The Company was required to adopt SFAS 144 effective January 2002. Implementation of this standard did not have a material impact on the Company's financial statements.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at March 31, 2002 and 2001.

Income taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the pre-tax financial statement income. The corresponding liability or receivable is credited or charged to PPE. Deferred income tax assets and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, legal services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable. In addition, the Company leases land from Bally's Atlantic City.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Advertising and Marketing Fee

Hilton Hotels Corporation charges the Company for certain hotel reservation services, and advertising and marketing support in accordance with the fees established for participation in Hilton Reservations Worldwide and the Hilton HHonors Programs, as well as a national and regional group advertising and sales promotions services fee equal to 1% of net room revenues.

NOTE 2 – RECEIVABLES AND PATRONS' CHECKS

Receivables and patrons' checks as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Casino receivables (net of allowance for doubtful accounts – 2002, \$8,992; 2001, \$9,835)	\$ 5,425	\$ 6,774
Other (net of allowance for doubtful accounts – 2002, \$183; 2001, \$194)	1,904	2,595
Due from affiliates	<u>640</u>	<u>1,672</u>
	<u>\$ 7,969</u>	<u>\$ 11,041</u>

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables consist of funds invested with the CRDA, net of related valuation reserves of \$5,990 and \$5,007 at March 31, 2002 and 2001, respectively.

The Company, Bally's Atlantic City and the CRDA entered into a credit exchange agreement and an investment agreement in 1998. The credit exchange agreement permits the exchange of certain current and future CRDA obligations between the Company and Bally's Atlantic City, resulting in a long-term payable to Bally's Atlantic City (See Note 9). The investment agreement provides an investment plan for the use of certain current and future CRDA funds. These agreements have accelerated the funding of credits due the Company under the aforementioned credit agreement.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Land	\$ 66,655	\$ 66,655
Buildings and improvements	312,204	302,564
Furniture, fixtures and equipment	156,939	152,611
Construction in progress	<u>2,113</u>	<u>1,405</u>
	537,911	523,235
Less accumulated depreciation and amortization	<u>(237,211)</u>	<u>(216,721)</u>
	<u>\$ 300,700</u>	<u>\$ 306,514</u>

NOTE 5 - OTHER ASSETS

Other assets as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Cost in excess of acquired assets, less accumulated amortization of \$44,637 and \$42,347	\$ 76,839	\$ 79,129
Other	<u>162</u>	<u>-</u>
	<u>\$ 77,001</u>	<u>\$ 79,129</u>

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Accrued payroll and benefits	\$ 9,800	\$10,746
Insurance claims	4,863	4,308
Other	<u>6,253</u>	<u>6,026</u>
	<u>\$20,916</u>	<u>\$21,080</u>

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Due to Bally's Atlantic City	\$ 2,908	\$ 369
Due to Atlantic City Country Club, Inc.	274	998
Due to affiliates-other	2,935	932
Unredeemed slot promotions liability	2,576	2,707
Unredeemed chip and token liability	922	920
Other	665	761
	<u>\$10,280</u>	<u>\$ 6,687</u>

NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
9% Note payable to Park Place Finance Corporation due January 1, 2009	\$200,000	\$200,000

In January 1999, the Company declared a \$200,000 distribution payable in the form of a note payable to Bally's Atlantic City. Bally's Atlantic City then immediately assigned the \$200,000 note payable to PPE. On July 1, 2000, PPE assigned the \$200,000 note payable to Park Place Finance Corporation. The note payable bears interest at a rate of 9% per annum, payable on the last business day of each quarter.

NOTE 9 - OTHER LIABILITIES

Other liabilities as of March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Due to PPE	\$132,069	\$153,308
Due to Bally's Atlantic City (See Note 3)	751	1,107
	<u>\$132,820</u>	<u>\$154,415</u>

Due to PPE consists of an unsecured, non-interest bearing intercompany account.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 10 - STOCKHOLDER'S EQUITY

At March 31, 2002 and 2001, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,510 were issued and outstanding.

NOTE 11 - CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company and PPE have entered into an administrative services and management agreement. Under the agreement, PPE provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration for these services, the Company pays PPE a monthly management fee equal to three percent of revenues (net of complimentary services).

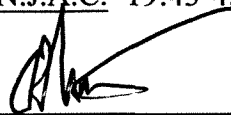
NOTE 12 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended March 31 consist of the following:

	<u>2002</u>	<u>2001</u>
Interest income	\$ 78	\$ 92
Loss on disposal of equipment	<u>-</u>	<u>(135)</u>
	<u>\$ 78</u>	<u>\$ (43)</u>

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.



Signature

Assistant Vice President/Controller
Title

006243-11
License Number

On Behalf of:

GNOC, Corp. (Atlantic City Hilton)
Casino License